

large brief to the royal commission on banking and finance which has been reprinted this year as a supplement to the Journal of the Canadian Bankers' Association.

If I might be permitted to read paragraphs 172 and 173 from this brief:

172. While remuneration for some special services is paid on a per-item service charge basis, free balances are maintained by the government and to some extent these recompense the banks for the heavy routine cheque and deposit handling functions. The question of the adequacy of remuneration for services rendered the government is a matter of continuing concern to the banks. As outlined above, while the banks pay interest on weekly balances in excess of \$100 million, the government is under no obligation to keep any free balances with the banks. In spite of repeated requests compensation has not been put on a properly defined basis and it is now considered very inadequate in relation to the sharp rise that has taken place in the volume of government business.

173. Under section 93 (1) of the Bank Act, the banks have been prevented from making any charge in respect of cheques or other instruments drawn on or payable to the government, and the government has not agreed to provide adequate compensation. Indeed it may be said that this forms a special burden not encountered by other industries in doing business with the federal government. As pointed out in the paragraph previously quoted from the Macmillan Commission of 1933, this, in effect, means that charges to other customers of the banks must be sufficient to offset the expenses incurred in handling federal government entries.

If members of the committee wish, perhaps the whole portion of this brief could be reprinted as an appendix to today's Minutes of Proceedings and Evidence. I have read you the two relevant paragraphs.

The CHAIRMAN: You say there are other paragraphs which you think are pertinent?

Mr. BRYCE: They give the background.

The CHAIRMAN: I would ask the committee whether it is the wish that this be printed as an appendix to today's proceedings?  
Agreed.

Mr. BRYCE: I will leave this. I cite it, sir, simply to indicate the agreement we made with the banks is not one which they feel is altogether beneficial to them. They felt that it should be more to their advantage. I have no doubt that when the revision of the Bank Act comes up, this well might be considered at that time; that may be a more effective time to consider it when parliament has the revision of the Bank Act before it. However, I thought it appropriate to make this explanation and to cite the view which the banks have in respect of the arrangement.

The CHAIRMAN: Thank you. Are there any questions?

Mr. REGAN: How was the sum of \$100 million arrived at as the amount that is interest free?

Mr. BRYCE: That was just a matter of negotiation with the banks. As you can see, it was a round sum figure which came out of the negotiations between the deputy minister of finance and the banks in 1957.

Mr. REGAN: How far above the \$100 million do the deposits usually run?

Mr. BRYCE: They vary quite substantially. The figures alter a great deal from week to week. They are published, of course, in various places. Perhaps the most convenient place to find them weekly is in the Bank of Canada statistics.